

SCOTTSDALE CITY COUNCIL  
REGULAR MEETING AND WORK STUDY SESSION MINUTES  
TUESDAY, FEBRUARY 21, 2023



CITY HALL KIVA  
3939 N. DRINKWATER BOULEVARD  
SCOTTSDALE, AZ 85251

### CALL TO ORDER

Mayor David D. Ortega called to order a Regular Meeting and Work Study Session of the Scottsdale City Council at 5:04 P.M. on Tuesday, February 21, 2023 in the City Hall Kiva Forum.

### ROLL CALL

Present: Mayor David D. Ortega; Vice Mayor Kathy Littlefield (participated electronically); and Councilmembers Tammy Caputi, Tom Durham, Barry Graham, Betty Janik, and Solange Whitehead

Also Present: City Manager Jim Thompson, City Attorney Sherry Scott, City Treasurer Sonia Andrews, Acting City Auditor Lai Cluff, and City Clerk Ben Lane

**PLEDGE OF ALLEGIANCE** – Councilmember Durham

### MAYOR'S REPORT

Mayor Ortega asked for a moment of silent reflection for the people of Ukraine as they fight for their freedom and democracy.

Mayor Ortega noted the Scottsdale Arabian Horse Show is in progress this week through Sunday, February 26, 2023 at WestWorld of Scottsdale. There are many amazing programs with 2,400 contestants participating.

Mayor Ortega announced that Spring Training is back, and the City is excited to greet other teams as they come to Scottsdale Stadium, the home stadium of the San Francisco Giants. Opening Day is Sunday, February 26, 2023.

### PRESENTATIONS/INFORMATION UPDATES

- **LG Twins, Korean Baseball Organization**  
**Presenter(s):** Chris Walsh, Parks and Recreation Manager

Parks and Recreation Manager Chris Walsh gave a presentation. Mayor Ortega presented a signed baseball bat to the members of the LG Twins, including starting pitcher Casey Kelly, who is a resident of Scottsdale. The members of the LG Twins presented jerseys to the City Council.

NOTE: MINUTES OF CITY COUNCIL MEETINGS AND WORK STUDY SESSIONS ARE PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARIZONA REVISED STATUTES. THESE MINUTES ARE INTENDED TO BE AN ACCURATE REFLECTION OF ACTION TAKEN AND DIRECTION GIVEN BY THE CITY COUNCIL AND ARE NOT VERBATIM TRANSCRIPTS. DIGITAL RECORDINGS AND CLOSED CAPTION TRANSCRIPTS OF SCOTTSDALE CITY COUNCIL MEETINGS ARE AVAILABLE ONLINE AND ARE ON FILE IN THE CITY CLERK'S OFFICE.

**PUBLIC COMMENT** – None

**REGULAR AGENDA**

**1. Temporary Water Supply Intergovernmental Agreement (IGA)**

**Request:** Adopt **Resolution No. 12758** to authorize:

1. IGA No. 2023-030-COS with Maricopa County for the treatment and provision of potable water at a City standpipe for delivery to residents in the Rio Verde Foothills Area and determination that provision of water to the County following acquisition of additional raw water supply is consistent with the City's Drought Management Plan.
2. The City Manager, with the approval of the City Attorney, to execute IGA No. 2023-030-COS, substantially in the form authorized by this Resolution.
3. The City Manager and City Attorney, or their designee(s), to take such further actions and execute such documents as necessary to carry out the intent of this Resolution.

**Presenter(s):** Brian Biesemeyer, Water Resources Executive Director and Jim Thompson, City Manager

**Staff Contact(s):** Jim Thompson, City Manager, 480-312-2800, [jthompson@scottsdaleaz.gov](mailto:jthompson@scottsdaleaz.gov)

Water Resources Executive Director Brian Biesemeyer gave a PowerPoint presentation (attached) on the proposed temporary water supply intergovernmental agreement with Maricopa County.

Mayor Ortega opened public comment.

The following spoke in support of the proposed temporary water supply intergovernmental agreement:

- Alex McLaren, Scottsdale resident
- Jessica Mehlman, Rio Verde Foothills resident
- Leigh Harris, Rio Verde Foothills resident

The following thanked the Council for their efforts and made suggestions related to provisions of the temporary intergovernmental agreement, including the hauling distance, source of water, cost structure, no service with "self-haulers", and service to existing customers (as of January 3, 2023):

- John Hornewer, Rio Verde Foothills resident
- Doreen Hornewer, Rio Verde Foothills resident
- Karen Nabity, Rio Verde Foothills resident
- Cody Reim, Rio Verde Foothills resident who provided handouts to the Council (attached)
- Christy Jackman, Rio Verde Foothills resident
- Wendy Walker, Rio Verde Foothills resident
- Jennifer Simpson, Rio Verde Foothills resident
- Kasey Reeder, Rio Verde Foothills resident

Mayor Ortega closed public comment.

## **MOTION AND VOTE – ITEM 1**

Councilwoman Janik made a motion to adopt Resolution No. 12758 to authorize:

1. IGA No. 2023-030-COS with Maricopa County for the treatment and provision of potable water at a City standpipe for delivery to residents in the Rio Verde Foothills Area and determination that provision of water to the County following acquisition of additional raw water supply is consistent with the City's Drought Management Plan.
2. The City Manager, with the approval of the City Attorney, to execute IGA No. 2023-030-COS, substantially in the form authorized by this Resolution.
3. The City Manager and City Attorney, or their designee(s), to take such further actions and execute such documents as necessary to carry out the intent of this Resolution.

Mayor Ortega seconded the motion, which carried 7/0, with Mayor Ortega; Vice Mayor Littlefield; and Councilmembers Caputi, Durham, Graham, Janik, and Whitehead voting in the affirmative.

**PUBLIC COMMENT** – None

## **CITIZEN PETITIONS**

### **2. Receipt of Citizen Petitions**

**Request:** Accept and acknowledge receipt of citizen petitions. Any member of the Council may make a motion, to be voted on by the Council, to: (1) Direct the City Manager to agendize the petition for further discussion; (2) direct the City Manager to investigate the matter and prepare a written response to the Council, with a copy to the petitioner; or (3) take no action.

**Staff Contact(s):** Ben Lane, City Clerk, 480-312-2411, [blane@scottsdaleaz.gov](mailto:blane@scottsdaleaz.gov)

No citizen petitions were received.

## **CITY COUNCIL WORK STUDY SESSION**

**PUBLIC COMMENT** – Alex McLaren spoke on Work Study Session Item #2 [Preliminary Fiscal Year (FY) 2023/24 Budget Outlook and Capital Improvement Plan (CIP) Updates]. He expressed concerns that the Citizen's Bond Oversight Committee was asked to address the budget issues related to the new Fire Department Training Facility construction.

### **1. Quarterly Financial Update**

**Request:** Receive, discuss, and provide possible direction on the City Treasurer's quarterly financial presentation as of December 2022.

**Presenter(s):** Sonia Andrews, City Treasurer

**Staff Contact(s):** Judy Doyle, Budget Director, 480-312-2603, [jdoyle@scottsdaleaz.gov](mailto:jdoyle@scottsdaleaz.gov)

City Treasurer Sonia Andrews gave a PowerPoint presentation (attached) on the City's quarterly financial status as of December 2022.

### **2. Preliminary Fiscal Year (FY) 2023/24 Budget Outlook and Capital Improvement Plan (CIP) Updates**

**Request:** Presentation, discussion, and possible direction on:

1. Preliminary FY 2023/24 Budget Outlook
2. Preliminary FY 2023/24 CIP
3. Projects that can be funded using the unrestricted funds received from the Bell Road land sale proceeds
4. Allocation of the Museum Square sale proceeds

**Presenter(s):** Sonia Andrews, City Treasurer and Dan Worth, Public Works Director

**Staff Contact(s):** Judy Doyle, Budget Director, 480-312-2603, [jdoyle@scottsdaleaz.gov](mailto:jdoyle@scottsdaleaz.gov)

City Treasurer Sonia Andrews and Public Works Director Dan Worth gave a PowerPoint presentation (attached) on the preliminary Fiscal Year 2023/budget outlook and updates on the Capital Improvement Plan (CIP).

Councilmembers made the following suggestions:

- In future budget and Capital Improvement Plan (CIP) presentations, include information regarding when the CIP project was approved, funding sources, changes to funding sources, and budget overrides.
- In future budget and CIP presentations, include the amount budgeted per project per year to provide context and additional information.
- Split the cost of the Pima Road Sound Wall into the Transportation and General CIP funds.
- Review the shortfall list associated with Bond 2019 projects to determine if any portions of the projects can be extended and completed in future years while still finishing core project portions in a timely manner.
- Add information related to Bond 2019 projects to include columns listing the amount allocated to each project, the additional General Fund CIP request, and the percentage variance to provide context.
- Do not compromise on durability and quality of project materials that may downgrade the service life of a project, especially those related to public safety.
- If the City obtains a grant to assist in the funding of Project No. 18 (Build Roadway & Pedestrian Improvements along 2<sup>nd</sup> St from Drinkwater Blvd to Goldwater Blvd), then prioritize Project No. 25 (Pima Park – Build Eight New Pickleball Courts); Project No. 23 (Shade and Tree Plan Development and Initial Implementation); and Project No. 18 (Goldwater & 5<sup>th</sup> Avenue Park).
- Extend the timeline for Project No. 34 (Build New Fire Station at 90<sup>th</sup> Street and Via Linda to Replace Aging Facility).
- Fund Project No. 2 (Add Splash Pad and Improve Walkways at McCormick-Stillman Railroad Park, McCormick-Stillman Roundhouse, and McCormick-Stillman RR Park – Playground Replacement) with tourism funds.
- Ensure geographic parity when prioritizing projects.
- Put page numbers on the bottom of each slide for future PowerPoint presentations.
- Provide access to the CIP project database associated with each project to identify project components, costs, and detailed scope information.
- Continue moving forward with the suggested allocated uses of unrestricted funds related to the Bell Road land sale proceeds.
- Provide information on the CIP approved original requests, any additional fund requests, information on cost overrides for supplies and labor, mission creep, and inflation.
- Ensure that projects are funded appropriately and reasonably, not mismatched, for example spending 50 years' worth of funds on a project that will only last ten years.
- Important to be cognizant of all funding sources, such as sales taxes, involved with generating revenues for the General and CIP funds.

### **MOTION AND VOTE – ADJOURNMENT**

Councilmember Graham made a motion to adjourn the Regular Meeting and Work Study Session. Councilwoman Whitehead seconded the motion, which carried 7/0, with Mayor Ortega; Vice Mayor Littlefield; and Councilmembers Caputi, Durham, Graham, Janik, and Whitehead voting in the affirmative.

**ADJOURNMENT**

Mayor Ortega adjourned the Regular Meeting and Work Study Session at 7:58 P.M.

**SUBMITTED BY:**

*Ben Lane*

**Ben Lane, City Clerk**

Officially approved by the City Council on March 21, 2023

## CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Regular Meeting and Work Study Session of the City Council of Scottsdale, Arizona, held on the 21<sup>st</sup> day of February 2023.

I further certify that the meeting was duly called and held, and that a quorum was present.

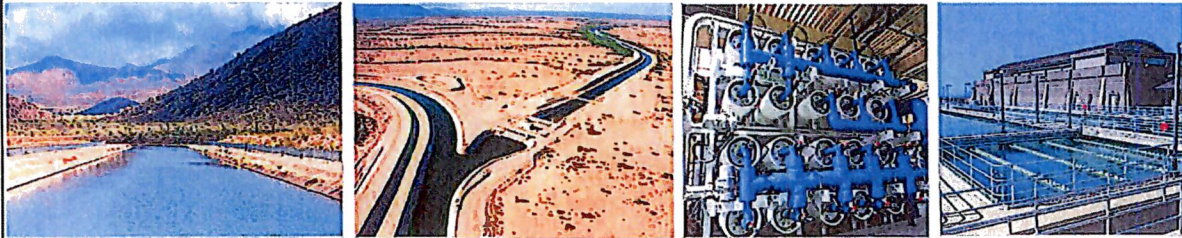
**DATED** this 21<sup>st</sup> day of March 2023.



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**Ben Lane, City Clerk**

## Intergovernmental Agreement with Maricopa County for temporary water supply to Rio Verde Foothills



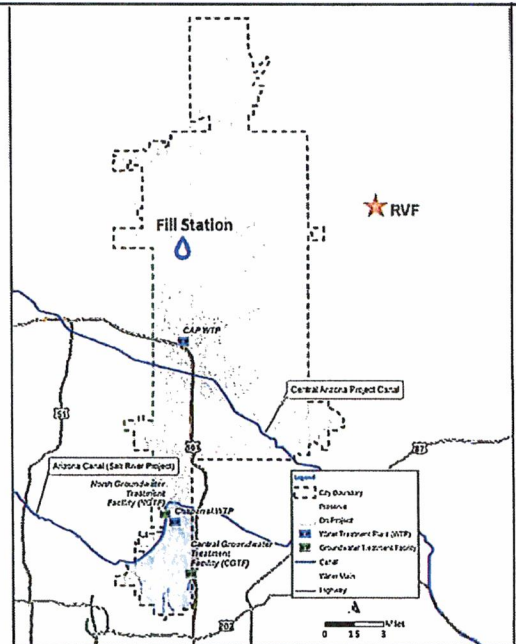
Brian K. Biesemeyer  
Executive Director, Scottsdale Water



1

## Background

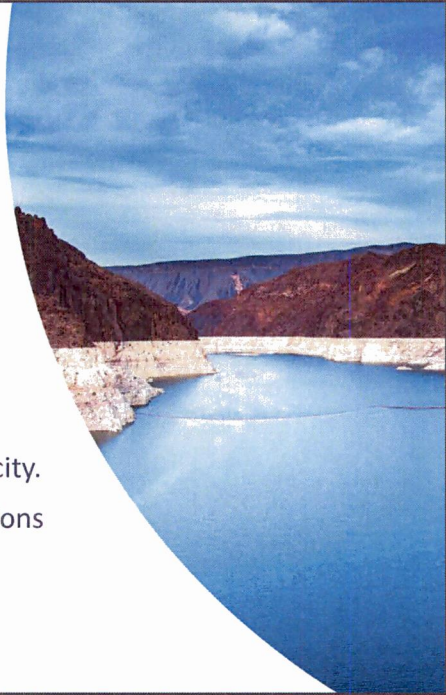
- Rio Verde Foothills (RVF) is not in Scottsdale and not serviced by Scottsdale Water as a customer. RVF residents get water provided by hauling water or residential wells.
- As a result of Scottsdale's water resource reduction from the Tier 1 (now Tier 2a) shortage on the Colorado River, the City's water filling station was turned off to non-residents as of December 31, 2022.
- Action based on Scottsdale's adopted Drought Management Plan.



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## Notifications

- Notification of elected officials in May 2020 of possible actions to close water hauling outside Scottsdale in response to Colorado River cuts
- In October 2021, customers were notified that after December 31, 2022, the city would no longer provide Scottsdale's water to those who do not reside inside the city.
- In August 2022, customers were again notified of restrictions on water hauling



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### The following elements are critical for an agreement with Maricopa County:

1. "Temporary" Agreement for County to Act on Emergency Basis to Provide Water to Rio Verde Foothills existing residences only
2. The City contracts only with the County; County may contract with certified commercial water haulers to deliver to Rio Verde customers; no "self-haul"
3. No City responsibility after delivery at Pima Filling Station
4. County must attempt building permit moratorium to the extent allowed by state law
5. Contingent on City obtaining up to 600 acre-feet of raw water (200 a/f per year) from third-party source
6. City will supply no more water per year than the volume of 126 acre-feet of potable water supplied for hauling at Pima Road Filling Station in 2022

4



The following elements are critical for an agreement with Maricopa County:

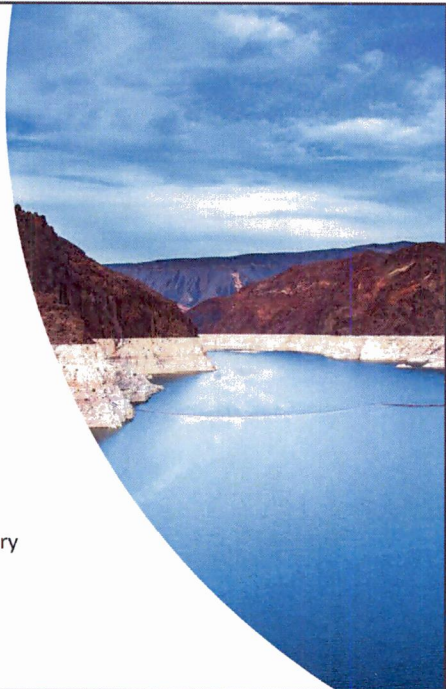
7. County will have single account with limited subaccounts for certified haulers
8. If City's access to water is reduced, the City may also reduce water delivery to County
9. County to pay City \$1,000 per month plus \$21.25 per 1,000 gallons of potable water
  - New Water cost (including process and system water losses)
  - Treatment and transportation cost
  - Capital Asset maintenance and replacement cost
10. Five percent (5%) annual escalation or the actual cost, whichever is greater
11. Two-year initial term with an optional third year

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## Staff's Recommendation

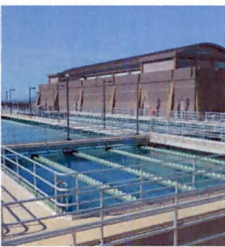
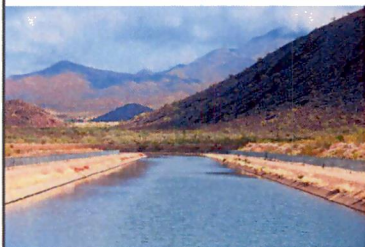
Adopt Resolution No. 12758 to authorize:

- The City Manager, with the approval of the City Attorney, to execute an Intergovernmental Agreement with Maricopa County substantially in the form authorized by this Resolution.
- Determine that execution of an IGA with the County substantially in the form authorized by the Resolution is consistent with the City's Drought Management Plan
- The City Manager or designee(s) and the City Attorney or designee(s) to take such further actions and execute such documents as may be necessary to effectuate the purposes of this Resolution.



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# Questions?





Cody Reim &lt;realnewsaz48@gmail.com&gt;

## Response to Public Records Request 22-018483

1 message

Lank, Kim <securemail@scottsdaleaz.gov>  
 Reply-To: klank@scottsdaleaz.gov  
 To: realnewsaz48@gmail.com

Wed, Feb 1, 2023 at 9:04 AM

Attached are documents responsive to your request to the City of Scottsdale for the following: Any and all communication by and between the following city officials to and from each other, including internal communications regarding official city business. Communications requested are of Text messages (if used) emails, and phone conversations between these officials. For the time period starting on 12:00AM 01/01/2020 and ending on 11:59:59PM 12/19/2022. Communication between city officials being requested are the following city officials: Brian Biesemeyer, Tammy Caputi, Vice Mayor Tom Durham, Betty Janik, Kathy Littlefield, Linda Milhaven, Solange Whitehead, Mayor David Ortega, Ben Lane, Jim Thompson, Bill Murphy, and Brent Stockwell. Using the following Email Addresses: bbiesemeyer@ScottsdaleAZ.gov, bstockwell@ScottsdaleAZ.gov, bmurphy@ScottsdaleAZ.gov, citymanager@ScottsdaleAZ.gov, citycouncil@ScottsdaleAZ.gov, dortega@ScottsdaleAZ.gov, blane@ScottsdaleAZ.gov and any other official emails associated with each individual council member. The following Keywords are being provided upon request from Kim Lank Executive Assistant at the Office of the City Attorney. Specific Keywords to include in Internal Communications Report and Search: Water, Standpipe, Rio Verde, Rio Verde Foothills, DWID, Domestic Water Improvement District, Morgan Taylor, Thomas Galvin, Steve Chucuri, CAP, Central Arizona Project, Subdivision, Wildcat, Wild Cat, PXG, Parsons Extreme Golf, Scottsdale National Golf Club. Any and all Communication regarding Rio Verde Foothills and the supply and sale of water from Scottsdale via the standpipe located at Pima & Jomax and the purchasing of sold water for use in the Rio Verde Foothills area.

In responding to your request, the City has reviewed the documents and as part of this review, the City has conducted the legally required balancing test as authorized by Carlson v. Pima County. As a result, certain information has been redacted due to confidentiality or a substantial privacy interest.

Please note that the link can only be accessed by you from your email address. If you prefer I send it to any other email address, please let me know and I will resend it so that person can download the file.

Please download this file because the link will only be available for a few days.

If you have any questions, please contact me at 480-312-7308 or by e-mail at [klank@scottsdaleaz.gov](mailto:klank@scottsdaleaz.gov).

Respectfully,

Kim Lank

### Files attached to this message

Filename	Size	Checksum (SHA256)
Response 22-018483.pdf	461 MB	c6b27079bb5301959da5d7d3186ddf b2b9ff4264e59dee243f255b4535cd172b

Pg: 1

To: Thompson, Jim [JThompson@Scottsdaleaz.gov]; Worth, Daniel [DaWorth@scottsdaleaz.gov]; Perreault, Erin [EPERREAU.LT@scottsdaleaz.gov]; Murphy, Bill [bmurphy@Scottsdaleaz.Gov]; Stockwell, Brent [BStockwell@scottsdaleaz.gov]; Scott, Sherry [SScott@scottsdaleaz.gov]; Lane, Benjamin [BLane@Scottsdaleaz.gov]  
From: Biesemeyer, Brian K  
Sent: Tue 10/18/2022 3:32:55 PM  
Subject: RE: Notification of Filing with the Arizona Corporation Commission  
Received: Tue 10/18/2022 3:32:00 PM

Jim,

FYI - meet with EPCOR on Friday to discuss this and a treat and transport agreement. I'll keep you updated as things proceed.

Brian K. Biesemeyer  
Executive Director, Scottsdale Water  
(480) 312-5683



"Water Sustainability through Stewardship, Innovation and People"

From: Thompson, Jim <JThompson@Scottsdaleaz.gov>  
Sent: Tuesday, October 18, 2022 6:29 AM  
To: Biesemeyer, Brian K <BBiesemeyer@Scottsdaleaz.gov>; Worth, Daniel <DaWorth@scottsdaleaz.gov>; Perreault, Erin <EPERREAU.LT@scottsdaleaz.gov>; Murphy, Bill <bmurphy@Scottsdaleaz.Gov>; Stockwell, Brent <BStockwell@scottsdaleaz.gov>; Scott, Sherry <SScott@scottsdaleaz.gov>; Lane, Benjamin <BLane@Scottsdaleaz.gov>  
Subject: Fwd: Notification of Filing with the Arizona Corporation Commission

Get Outlook for iOS

From: City Manager Mailbox <citymanager@Scottsdaleaz.gov>  
Sent: Tuesday, October 18, 2022 5:52 AM  
To: Thompson, Jim  
Subject: FW: Notification of Filing with the Arizona Corporation Commission

In the CM's inbox.

Kelli Kuester  
Exec Asst to City Manager | City of Scottsdale  
480.312.2850 [kkuester@scottsdaleaz.gov](mailto:kkuester@scottsdaleaz.gov)

From: Gellman, Jason <JGellman@epcor.com>  
Sent: Monday, October 17, 2022 10:04 AM  
To: City Manager Mailbox <citymanager@Scottsdaleaz.gov>  
Cc: Gellman, Jason <JGellman@epcor.com>  
Subject: Notification of Filing with the Arizona Corporation Commission

External Email: Please use caution if opening links or attachments!

Hello,

Please see the attached notification of filing regarding the Rio Verde Foothills standpipe.

Pg: 2

To: Biesemeyer, Brian K (BBiesemeyer@Scottsdaleaz.gov)  
From: Thompson, Jim  
Sent: Thur 10/27/2022 12:40:43 AM  
Subject: Re: Rio Verde Foothills water.  
Received: Thur 10/27/2022 12:40:46 AM

Thank you!!

Get [Outlook for iOS](#)

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From: Biesemeyer, Brian K (BBiesemeyer@Scottsdaleaz.gov)  
Sent: Wednesday, October 26, 2022 2:08:25 PM  
To: Thompson, Jim (JThompson@Scottsdaleaz.gov)  
Subject: RE: Rio Verde Foothills water.

Yes, indeed. We will put that in the contract.

Brian

From: Thompson, Jim (JThompson@Scottsdaleaz.gov)  
Sent: Wednesday, October 26, 2022 2:01 PM  
To: Biesemeyer, Brian K (BBiesemeyer@Scottsdaleaz.gov)  
Subject: Re: Rio Verde Foothills water.

Hi Brian;

We will need to increase our fee to encourage them to fund their solution!

[Get Outlook for iOS](#)

From: Biesemeyer, Brian K <[BBiesemeyer@scottsdaleaz.gov](mailto:BBiesemeyer@scottsdaleaz.gov)>

Sent: Wednesday, October 26, 2022 1:54:05 PM

To: City Council <[CityCouncil@scottsdaleaz.gov](mailto:CityCouncil@scottsdaleaz.gov)>

Cc: Thompson, Jim <[JThompson@scottsdaleaz.gov](mailto:JThompson@scottsdaleaz.gov)>; Murphy, Bill <[bmurphy@scottsdaleaz.gov](mailto:bmurphy@scottsdaleaz.gov)>; Stockwell, Brent <[BStockwell@scottsdaleaz.gov](mailto:BStockwell@scottsdaleaz.gov)>; Scott, Sherry <[SScott@scottsdaleaz.gov](mailto:SScott@scottsdaleaz.gov)>; Andrews, Sonia <[SAndrews@scottsdaleaz.gov](mailto:SAndrews@scottsdaleaz.gov)>; Lane, Benjamin <[BLane@scottsdaleaz.gov](mailto:BLane@scottsdaleaz.gov)>; Walker, Sharron <[SWalker@scottsdaleaz.gov](mailto:SWalker@scottsdaleaz.gov)>; Corsette, Kelly <[KCorsette@scottsdaleaz.gov](mailto:KCorsette@scottsdaleaz.gov)>; Schneider, Valerie <[VSchneider@scottsdaleaz.gov](mailto:VSchneider@scottsdaleaz.gov)>; Rose, Kevin M <[KRose@scottsdaleaz.gov](mailto:KRose@scottsdaleaz.gov)>; Baumgardner, Gretchen <[GBaumgardner@scottsdaleaz.gov](mailto:GBaumgardner@scottsdaleaz.gov)>; Simmons, David <[DSimmons@scottsdaleaz.gov](mailto:DSimmons@scottsdaleaz.gov)>; Kuester, Kelli <[KKuester@scottsdaleaz.gov](mailto:KKuester@scottsdaleaz.gov)>

Subject: FW: Rio Verde Foothills water.

PS 3

Mayor and Council;

I know you have been receiving a number of emails of this type from residents of Rio Verde.

We are in discussions with EPCOR on providing water to Rio Verde. The solution we have been discussing is a "Treat and Transport" agreement with EPCOR which would involve receiving CAP water from EPCOR that Scottsdale would treat and transport (in our distribution pipelines and at a price that does not burden our customers) to a fill station that EPCOR would eventually build.

Until the fill station is construction – probably several years from now – we would allow EPCOR customers to use our fill station at Jomax and Pima Road. While our discussions are ongoing, I don't believe we will be able to get an agreement to Council before the end of the year due to the timing of Council's meetings in early December. As a result, we will be approaching Council in December for authority for the Executive Director of Scottsdale Water to sign a "treat and transport" agreement with EPCOR within some defined parameters. This will allow us to finalize an agreement in late December or early January.

Respectfully

Brian K. Biesemeyer

To: Littlefield, Kathy [KLittlefield@Scottsdaleaz.gov]  
From: Biesemeyer, Brian K  
Sent: Fri 10/28/2022 3:40:46 PM  
Subject: RE: Interim Water Solution for Rio Verde Foothills  
Received: Fri 10/28/2022 3:40:00 PM

EPCOR is working hard on a solution with us and we are meeting weekly. I am cautiously optimistic.

Brian

From: Littlefield, Kathy <KLittlefield@Scottsdaleaz.gov>  
Sent: Thursday, October 27, 2022 3:09 PM  
To: Biesemeyer, Brian K <BBiesemeyer@Scottsdaleaz.gov>  
Subject: RE: Interim Water Solution for Rio Verde Foothills

Yep, I agree. Have you heard from EPCOR regarding their time frame for water availability program? Or is it a pie-in-the-sky?  
Kathy

From: Biesemeyer, Brian K <BBiesemeyer@Scottsdaleaz.gov>  
Sent: Thursday, October 27, 2022 2:16 PM  
To: Littlefield, Kathy <KLittlefield@Scottsdaleaz.gov>  
Cc: Thompson, Jim <JThompson@Scottsdaleaz.gov>  
Subject: RE: Interim Water Solution for Rio Verde Foothills

Councilwomen Littlefield,

It is my understanding that they have to reveal that they are on hauled water. To me that would be a deal breaker, however it appears as if it is not – or has not been – a big factor for many Rio Verde homeowners until now.

Brian K. Biesemeyer  
Executive Director, Scottsdale Water  
(480) 312-5683



"Water Sustainability through Stewardship, Innovation and People"

From: Littlefield, Kathy <KLittlefield@Scottsdaleaz.gov>  
Sent: Thursday, October 27, 2022 1:34 PM  
To: Biesemeyer, Brian K <BBiesemeyer@Scottsdaleaz.gov>  
Cc: Thompson, Jim <JThompson@Scottsdaleaz.gov>  
Subject: FW: Interim Water Solution for Rio Verde Foothills

Don't the sellers have to tell people there is no water at a home when they sell it?

From: Jessica Mehlman <jmehlman72@gmail.com>  
Sent: Thursday, October 27, 2022 1:10 PM  
To: City Council <CityCouncil@scottsdaleaz.gov>; Mayor David D. Ortega <DOrtega@Scottsdaleaz.gov>  
Subject: Interim Water Solution for Rio Verde Foothills

External Email: Please use caution if opening links or attachments!

Mayor Ortega and the Scottsdale City Council Members:

# Work Study Item 1

## Quarterly Financial Update Quarter 2

*City Treasurer's Office  
City Council Meeting – February 21, 2023*

1

1

### Primary Focus of Quarterly Financial Updates

- Highlight any economic drivers impacting city revenues
- Overview of General Fund revenues and expenditures
  - Sales tax trends
  - Budget to actual variances

2



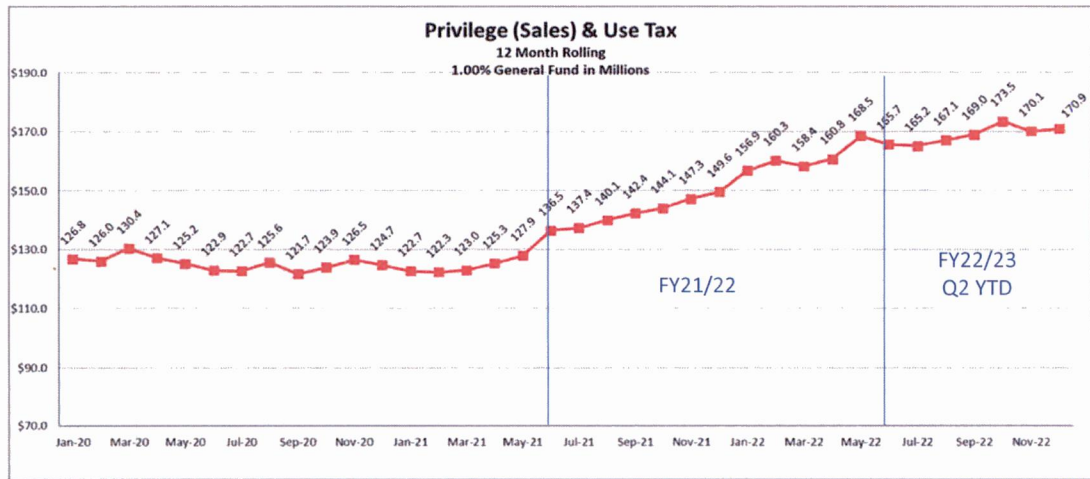
## FY2022/23 YTD Q2 (Jul – Dec 2022)

- ❑ Sales tax growth tapering as consumers rein in spending
- ❑ Dining and Hotel/Motel tax collections remain strong
- ❑ Overall General Fund revenues and expenditures are within budget

2

3

## Local Sales Tax Trending



4

## General Fund 1.1% Sales Tax – Q2 YTD

### General Fund Local Sales Tax: July - December 2022 Up 8% from prior year

(in millions)	FY22 Actuals	FY23 Actuals	FY23 Budget	Budget Variance	Budget Variance	FY23 Forecast
Retail	\$24.6	\$27.2	\$25.1	\$2.2	9%	\$51.7
Rental	\$11.3	\$11.7	\$10.5	\$1.2	12%	\$20.6
Automotive	\$11.0	\$11.1	\$11.2	(\$0.1)	-1%	\$23.4
Dining/Entertainment	\$7.9	\$8.1	\$6.7	\$1.5	22%	\$15.0
Construction	\$7.3	\$8.7	\$7.4	\$1.2	17%	\$14.2
Food Stores	\$4.4	\$4.5	\$4.5	(\$0.0)	-1%	\$10.0
Hotel/Motel	\$4.1	\$5.0	\$3.5	\$1.5	43%	\$8.8
Other	\$12.9	\$14.3	\$13.1	\$1.2	9%	\$26.4
<b>Total</b>	<b>\$83.5</b>	<b>\$90.5</b>	<b>\$81.9</b>	<b>\$8.6</b>	<b>10%</b>	<b>\$170.1</b>

WtzsimeLkikjvshjxc f-kihzw8

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## Total General Fund Sources – Q2 YTD

### Total General Fund Revenues: July - December 2022 Up 8% from prior year

(in millions)	FY22 Actuals	FY23 Actuals	FY23 Budget	Budget Variance	Budget Variance	FY23 Forecast
Local Sales Tax	\$83.5	\$90.5	\$81.9	\$8.6	10%	\$170.1
State Shared	\$38.8	\$45.9	\$46.2	(\$0.3)	-1%	\$92.5
Charges for Services	\$7.3	\$6.2	\$5.6	\$0.6	11%	\$14.2
Other	\$48.9	\$50.7	\$47.6	\$3.0	6%	\$95.8
<b>Total</b>	<b>\$178.5</b>	<b>\$193.3</b>	<b>\$181.3</b>	<b>\$11.9</b>	<b>7%</b>	<b>\$372.7</b>

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## Total General Fund Uses – Q2 YTD

### General Fund Uses: July - December 2022

(in millions)	FY22 Actuals	FY23 Actuals	FY23 Budget	Budget Variance	Budget Variance	FY23 Forecast
Personnel Costs	\$133.1	\$116.9	\$116.5	(\$0.4)	0%	\$241.8
Commodities/Contracts	\$36.8	\$44.1	\$46.2	\$2.0	4%	\$85.2
Transfers	\$9.3	\$41.8	\$40.1	(\$1.6)	-4%	\$84.7
Other	\$1.6	\$0.9	\$0.8	(\$0.1)	-16%	\$2.5
<b>Total</b>	<b>\$180.7</b>	<b>\$203.7</b>	<b>\$203.6</b>	<b>(\$0.1)</b>	<b>0%</b>	<b>\$414.3</b>

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## Total General Fund Uses – By Division – Q2 YTD

### General Fund Divisions: July - December 2022

(in millions)	FY22 Actuals	FY23 Actuals	FY23 Budget	Budget Variance	Budget Variance	FY23 Forecast
Mayor/Council/Charter Officers	\$14.2	\$15.6	\$17.1	\$1.6	9%	\$33.0
Administrative Services	\$9.8	\$11.2	\$10.0	(\$1.2)	-12%	\$18.9
Comm & Ec Dev	\$11.6	\$12.4	\$13.4	\$1.0	7%	\$25.4
Community Services	\$19.2	\$22.4	\$22.5	\$0.1	0%	\$44.6
Public Safety - Fire	\$25.7	\$26.9	\$25.3	(\$1.6)	-6%	\$53.7
Public Safety - Police	\$80.8	\$63.1	\$63.6	\$0.5	1%	\$126.1
Public Works	\$10.1	\$10.4	\$11.1	\$0.8	7%	\$20.3
<b>Total</b>	<b>\$171.4</b>	<b>\$162.0</b>	<b>\$163.1</b>	<b>\$1.1</b>	<b>1%</b>	<b>\$322.0</b>

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**Questions and Comments?**

# Work Study Item 2

Preliminary  
FY23/24 Budget  
Outlook



CITY OF  
**SCOTTSDALE**

City Council Work Study, February 21, 2023

1

Budget  
Process

**October to December** - Department Requests


- Personnel
- IT and Capital Improvement Plan (CIP)
- Other operating requests

**January to March** - Forecasts & Budget Balancing

- Project revenues, expenditures, reserve and debt requirements etc.
- Decisions on budget requests

**April to June** - Budget Adoption

- Council presentations
- Public hearings
- Adoption of rates and fees and property tax levies
- Adoption of proposed and final budget & CIP



2

2

# Preliminary Outlook

1. What to Expect for FY23/24
2. Operating Revenue Outlook
3. Operating Expenditures and Pensions
4. Proposed Debt Issuance



3

# What to Expect for FY23/24

Consumers  
reining in spending

- End of extraordinary stimulus
- Drawing down personal savings
- Economic uncertainty – recession or growth

State Shared will  
Increase, then  
Decrease

- Individual income flat tax will result in lower allocation to cities
- Lower population growth compared to other valley cities

One-Time Revenues  
are just One-Time

- CARES Act - \$29M – funded special programs
- American Rescue Plan Act - \$29M – freed up General Fund
- Land Sales - \$63M – funded capital projects

Inflation Pressures

- Labor costs
- Insurance premiums
- Cost of materials
- Cost of capital projects



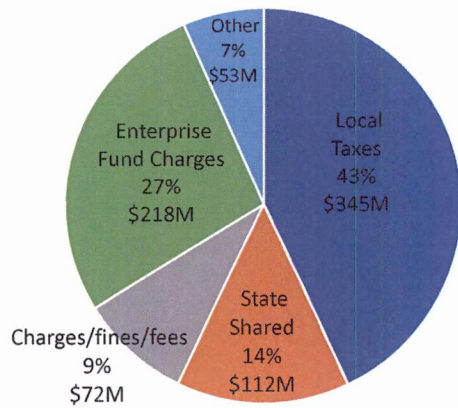
4

# Operating Revenue Outlook

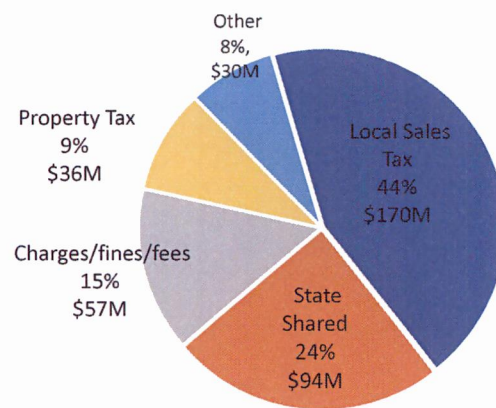
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## Sources of Operating Revenues (FY22/23 budget)

**Total City\***



**General Fund**



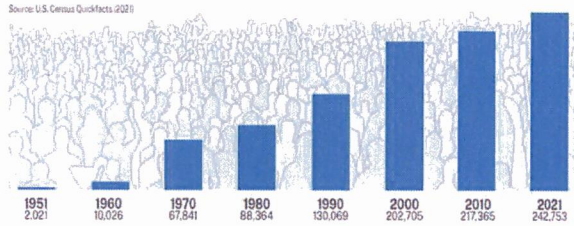
\* Amounts exclude internal transfers and charges

6

# Scottsdale's Economy Remains Strong

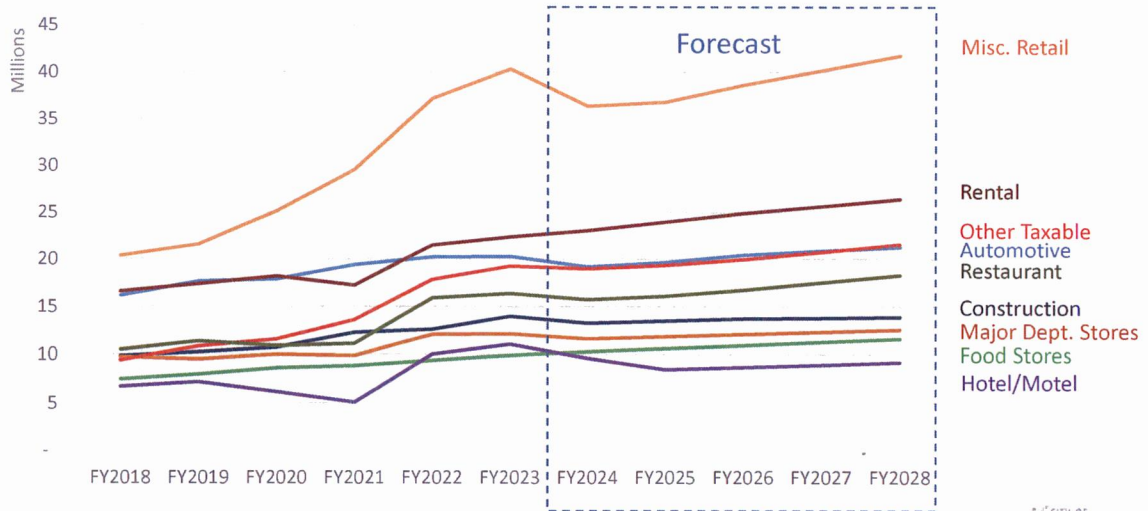
- Population growth
- Low unemployment rate (2.4% in December)
- High property values
- High demand for tourism/event activities
- High median income (40% higher than US average), more affluent consumers less impacted by inflation and rising interest rates

Scottsdale Population Growth



7

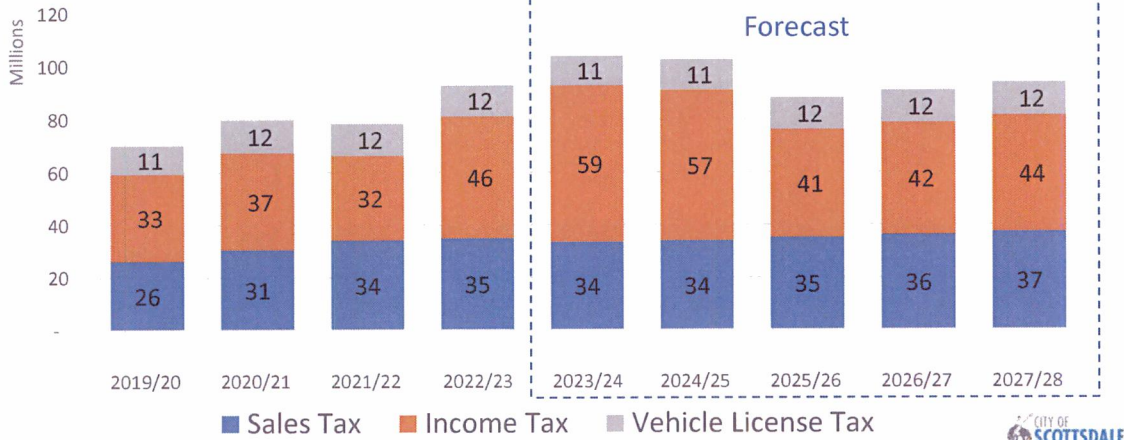
# Local Sales Tax (General Fund)



8

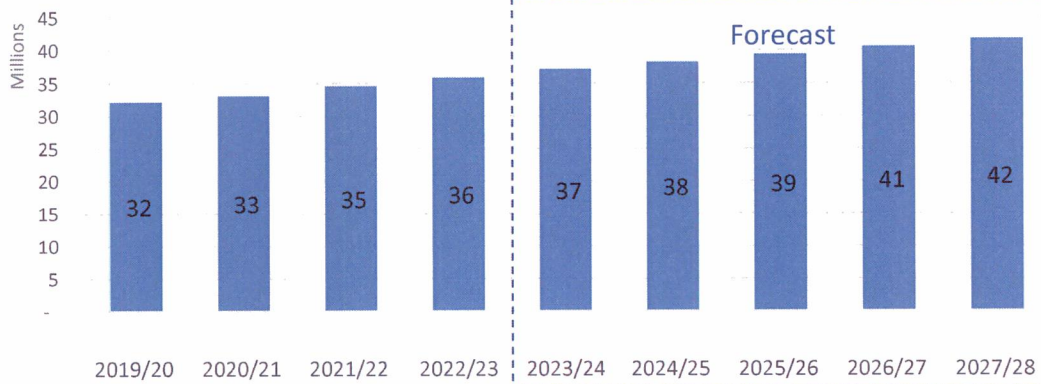


## State Shared Revenues (General Fund)



9

## Primary Property Tax Revenues (General Fund)



Maximum Allowable  
Primary Property Tax Rate \* \$ 0.4897 \$ 0.4863

\* does not include tort judgements



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## Projected General Obligation Bond Issuances Secondary Property Tax Rates (for debt service)

Bond Types	Forecasted Fiscal Year of Issue	Forecasted Amount to be Issued
General Obligation Bonds – Bond 2019 projects	2024/25	\$90,000,000
General Obligation Bonds – Bond 2019 projects	2026/27	\$95,000,000

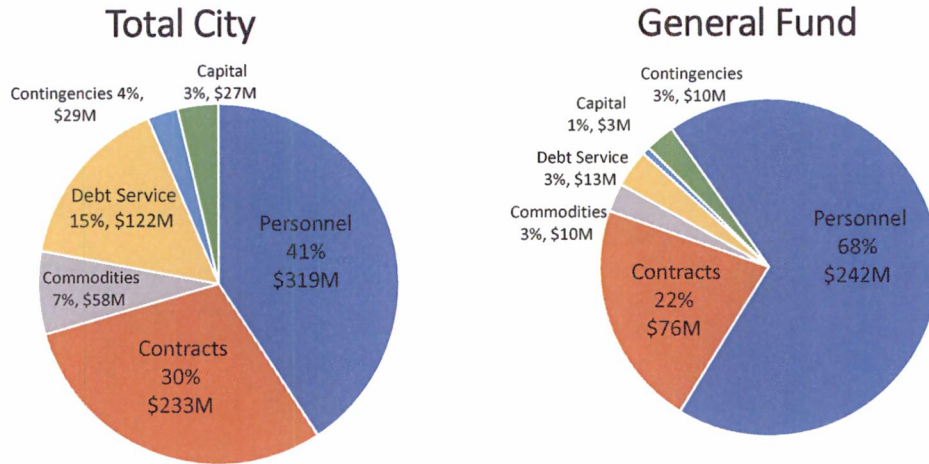
	ADOPTED 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Secondary Property Tax Rate With forecasted General Obligation Bonds noted above	\$ 0.4101	\$ 0.4929	\$ 0.4136	\$ 0.4054	\$ 0.4690	\$ 0.4242

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Operating Expenditures  
Pensions  
Debt Issuance

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## Operating Expenditures (FY22/23 budget)



Note: Amounts exclude interfund activities

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## What to Expect for FY23/24

Labor Costs

- Merit, step and market
- Health care cost increase – est. 7% - 9%
- Retirement cost – continue to pay down PSPRS liability
- New positions

Contracts & Commodities

- Inflation on contracts and commodities
- Insurance premium increases
- Technology and software
- Equipment replacements

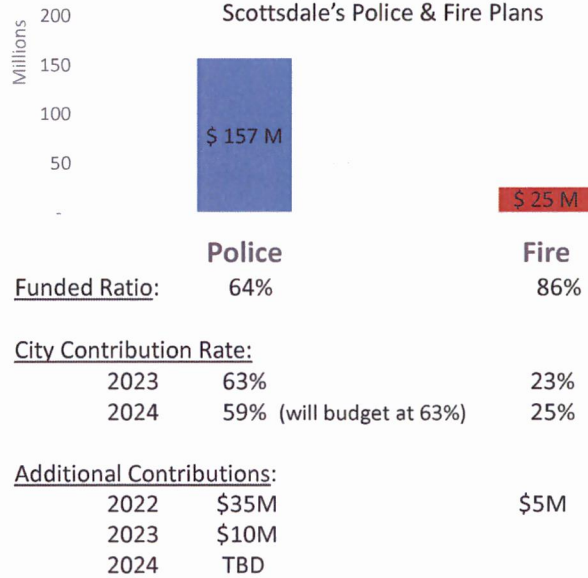
New Operating Costs

- Operating costs for new capital projects coming online
- Additional requests to keep up with demand

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Public Safety  
Personnel  
Retirement  
System (“PSRS”)

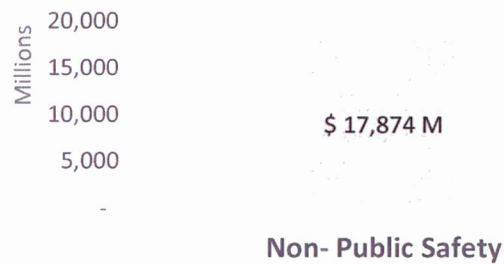
June 30, 2022 Valuation – Unfunded Actuarial Liability for  
Scottsdale’s Police & Fire Plans



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Arizona State  
Retirement  
System (“ASRS”) –

June 30, 2022 Valuation – Unfunded Actuarial Liability for All  
Employers in ASRS Pool



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## Projected Debt Issuances

## Forecasted General Obligation and Revenue Bonds

Bond Types	Forecasted Fiscal Year of Issue	Forecasted Amount to be Issued
Solid Waste Revenue Bonds – Transfer Station	2023/24	\$25,000,000
General Obligation Bonds – Bond 2019 projects	2024/25	\$90,000,000
Water and Sewer Revenue Bonds	2025/26	\$90,000,000
General Obligation Bonds – Bond 2019 projects	2026/27	\$95,000,000



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## Arizona Expenditure Limitation

## Limits Spending of Local Revenues


In 1980, Arizona voters approved [Arizona Constitution, Article IX, §20](#), prescribing an expenditure limitation for each city and town for the purpose of controlling expenditures of local revenues and limit future increases in spending to adjustments for inflation and population growth.

	FY21/22	FY22/23	FY23/24
Expenditure Limitation per Constitution	536,010,625	542,507,696	585,825,862
Expenditures of Local Revenues	495,028,000	489,729,000 est.	TBD
Remaining Capacity	40,982,625	52,778,696 est.	TBD



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<h2>Budget Timeline</h2>	Feb 21	Preliminary Budget Outlook
	March 7	Proposed Rates & Fees
	April 4	Proposed Budget & CIP Release
	April 25	Proposed Budget and CIP presentation
	May 16 – June 27	Final Adoption of Budget and CIP, Rates and Fees, Property Tax Levies



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# Questions / Comments

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# FY 2023/24 CIP Development

Council Work Study  
February 21, 2023

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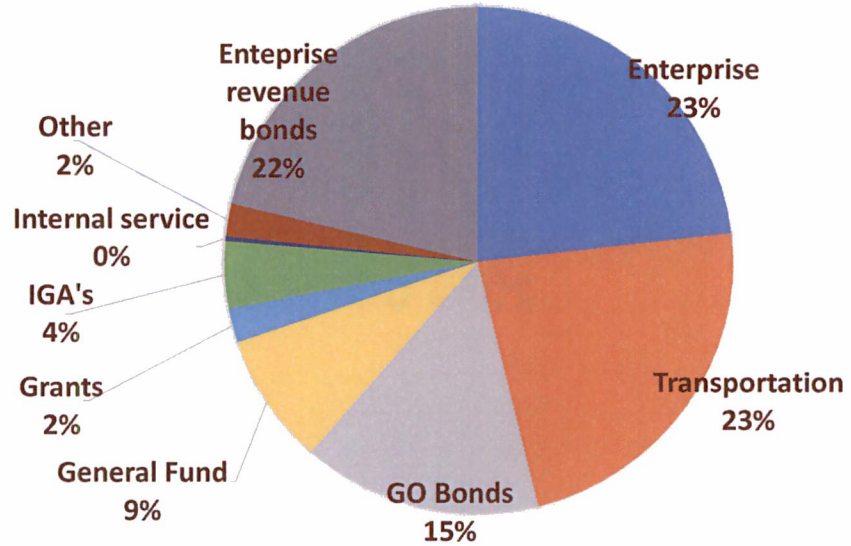
## CIP Development: FY 2023/24 Timeline

September 2022	CIP Kick Off
October 2022	CIP Funding Request Due
October & November 2022	Technical Review
November 2022	Operating Impacts Review
December 2022	Capital Management Review Committee: Construction Capital Management Review Committee: Technology
January 2023	Executive Level Review with City Manager
January – March 2023	CIP Updates to City Council
April 2023	FY 2023/24 Proposed Budget Released to City Council
May 2023	FY 2023/24 Tentative Budget Adoption
June 2023	FY 2023/24 Final Budget Adoption
July 2023	FY 2023/24 Budget Implementation

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## FY 2022/23 CIP by Fund

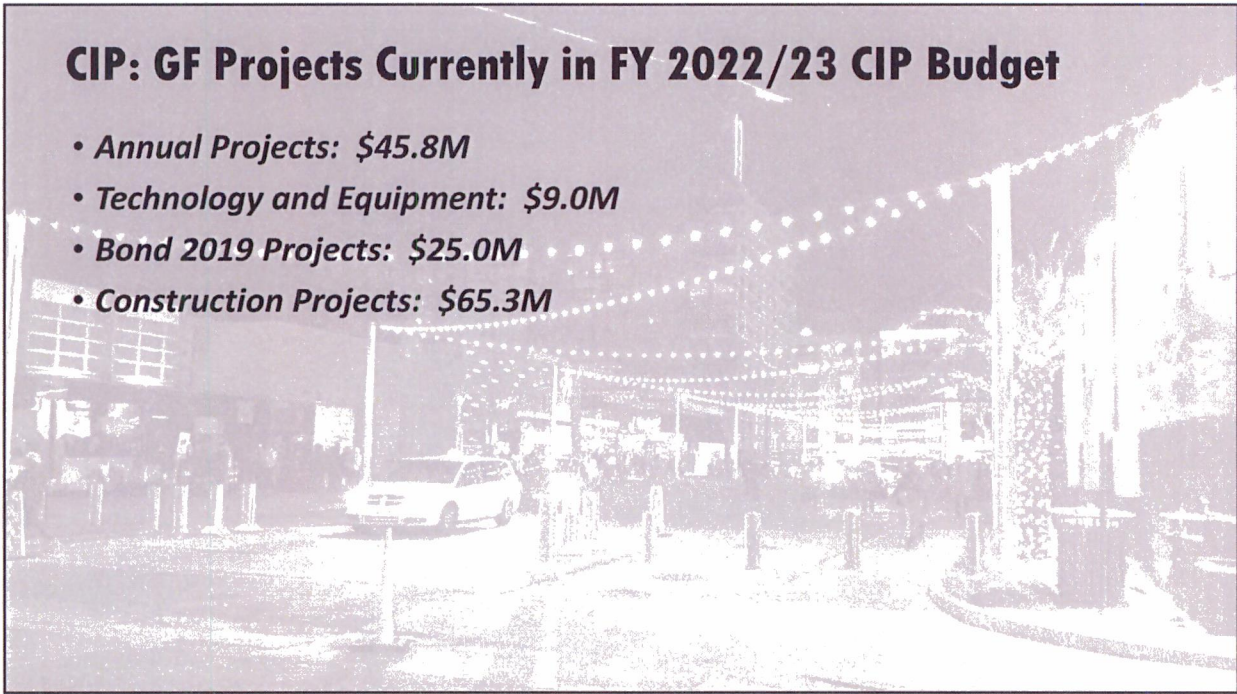
Total FY 2022/23  
budgeted  
expenditures:  
\$1.1 billion



23

## CIP: GF Projects Currently in FY 2022/23 CIP Budget

- Annual Projects: \$45.8M
- Technology and Equipment: \$9.0M
- Bond 2019 Projects: \$25.0M
- Construction Projects: \$65.3M



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## CIP: GF Projects Currently in FY 2022/23 CIP Budget

Annual Projects: \$45.4M

Project	Approved 5Y GF
Crime Laboratory Equipment Replacement	1,766,000
Police Portable and Vehicle Radio Replacement	6,204,992
Public Safety - Fire Radio Replacement	2,263,647
Facilities Upgrade and Replacement Program	17,101,194
IT - Network Infrastructure	4,363,520
IT - Server Infrastructure	7,711,041
Replacement of Major Systems - FCA	6,000,000

Technology and Equipment: \$9.0M

Project	Approved 5Y GF
Phase I Certificate of Necessity (CON) - Ambulance	1,617,209
Agenda Management System Software	297,000
Enterprise Resource Planning System	5,125,076
Geographic Information System Data Alignment	300,000
License and Permit Management System	472,500
Public Safety Radio BDA Replacement	390,000
Real Time Crime Center	562,407
Uninterrupted Power Supply	187,000

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## CIP: GF Projects Currently in FY 2022/23 CIP Budget

Bond 2019 Projects: \$25.0M

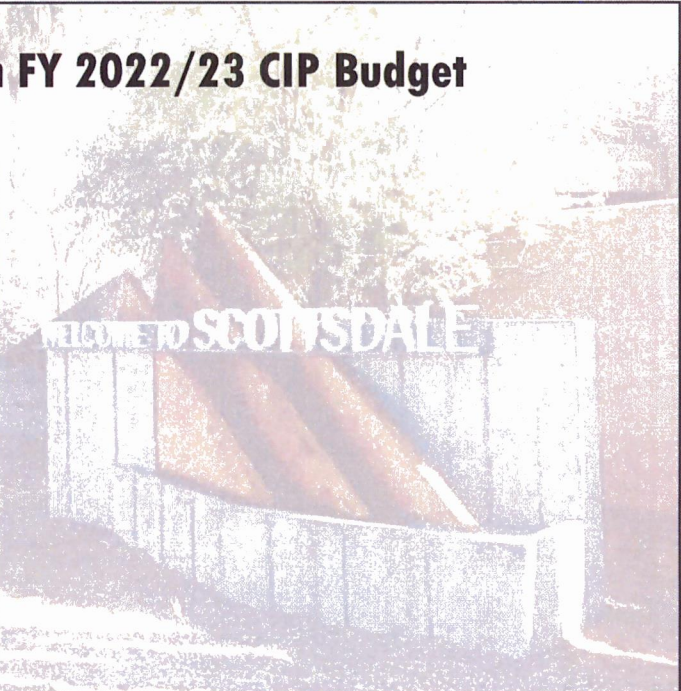
Project	Approved 5Y GF
01 - Replace Aging Infrastructure and Improve Public and Event Spaces on Civic Center Plaza	6,243,144
24 - Install High Efficiency Sports Lighting at 4 Facilities	3,759
38 - Build a new Fire Department Training Facility	5,000,000
27 - Modernize, Expand Police & Fire Training Facility	5,759,600
30 - Indian School Park Field 1 Lighting	375,000
45 - Renovate WestWorld Horse Barns to Increase Rentable Space	1,000,000
53 - Build Multi-Use Sport Fields in the area of Bell Road	4,404,852
07 - Replace Outdated 9-1-1 Computer Aided Dispatch and Records Management to Improve Efficiency	745,844
26 - Replace Deteriorating Vehicle Training Track at the Police and Fire Training Facility	1,000,000
05 - Modernize Computer Equipment Rooms to Protect City Servers	199,203
11 - Replace Document Management System to Improve Public Access to Information	15,000
14 - Replace Obsolete Planning and Permitting Software	285,000
17 - Obtain a Citywide Data Management and Analytics Solution for Data-Based Decision Making	10,000
57 - Install Solar Systems North Corporation Campus	940
18 - Build Roadway & Pedestrian Improvements along 2nd St from Drinkwater Blvd to Goldwater Blvd	1,133

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## CIP: GF Projects Currently in FY 2022/23 CIP Budget

Construction Projects: \$65.3M

Project	Approved 5Y GF
Aquatics Lifecycle Replacement	4,106,232
Arts in Public Places	26,118
Gateway Monument Replacement	817,946
Goldwater 5th Avenue Park	1,276,014
Park Amenities	3,522,540
Park Restrooms	6,020,475
Playground Rehabilitation	1,209,187
Scottsdale Stadium Railings	650,000
Scottsdale Stadium Renovations Phase 2	5,000,000
Sky Room at Civic Center Library	367,640
Granite Reef Watershed Phase 1	139,664
Rawhide Wash Flood Control - Design, ROW, Const Ph I	69,438
Reata Wash Flood Control	1,465,428
Ballistic Glass at Police Department Facilities	335,720
Closed Circuit Television Security Camera System and Access Control Replacement	1,872,000
Entertainment District Safety Enhancement Camera Project	255,500
Fire Alarm Monitoring Upgrade	69,000
Fire Station 603 Relocation	480,640
Fire Station 612 Land Acquisition	2,970,000
Fire Station 616 Design and Construction	1,790,805



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## CIP: GF Projects Currently in FY 2022/23 CIP Budget

Construction Projects: \$65.3M

Project	Approved 5Y GF
Jail Dormitory Phase II	471,276
Purchase Land for Fire Station 617	3,347,000
Renovate Fire Station 606	2,750,021
Security Cameras and Access Control Systems	1,290,700
Shade Structures for Police Department Horse Barn	114,000
City Buildings Safety Retrofit - 28120	1,324,929
Community Facility Safety Upgrades - 28100	1,719,612
Energy Performance Project - Phase I	3,080,000
Energy Performance Project - Phase II	4,900,000
Old Town Wooden Pole Replacement & Sign Refurbishment	390,000
Stagebrush Renovation	2,282,990
WestWorld - Lot T Improvements	298,662
WestWorld Drainage	200,000
2nd Street Access and ADA Ramp	403,840
Downtown Main Street Streetscape & Pedestrian Improvements	2,289,730
Entertainment District Bollards	2,159,834
Entertainment District Street & Festoon Lighting	2,787,354
Parking Lot Pavement Project	2,324,758
Scottsdale Road Overhead Power Undergrounding	750,000

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## FY 23/24 CIP General Fund Project Needs

### Annual Projects

- Additional year of funding (facilities, IT, radios, etc.)

### Department Submissions

- New projects
- Budget increases for existing projects
- Projects remaining from Bond 2019 consideration

### Bond Projects

- Shortfalls known to date
- Future shortfalls

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## General Fund CIP Needs: Annual Projects

Annual "Y" Projects: Additional year plus adjustment in years 1 - 4

<u>Project</u>	<u>Approved 5Y</u>	
	<u>Budget</u>	<u>GF Request</u>
Replacement of Major Systems - FCA	6,000,000	6,000,000
Facilities Upgrade and Replacement Program	13,671,194	2,491,300
IT - Server Infrastructure	7,248,337	3,286,937
IT - Network Infrastructure	3,268,641	1,431,903
Police Portable and Vehicle Radio Replacement	6,204,992	1,635,500
Public Safety - Fire Radio Replacement	2,263,647	1,010,526
Crime Laboratory Equipment Replacement	1,411,000	1,515,000
Scottsdale Video Network Telecast/Production/Video Streaming and Kiva Presentation Equipment	226,000	354,000
Parking Lot Pavement Project	2,324,758	7,545,660
<b>Total:</b>		<b>25,270,826</b>

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## General Fund CIP Needs: New Projects

### Technology Projects: \$11.8M

Project	GF Request
Information Technology Security Program	3,247,497
90-Day Backups	1,750,000
Radio Communications Platform Transition	1,800,000
Police Department Data Storage	435,000
Kiva Modernization	1,591,764
Enterprise Resource Planning System - Phase 3 - HCM/Payroll	1,652,446
Enterprise Resource Planning System - Phase 2 - Enterprise Budget / Enterprise Cashiering	681,633
Enterprise Resource Planning System - Phase 4 - Regulatory Licensing / Alarm Management	681,633
<b>Total:</b>	<b>11,839,973</b>

### Equipment Projects: \$4.0M

Project	GF Request
Replace HAZMAT Equipment	318,879
Staff Vehicles at Fire Dept Locations and Training Facility	322,710
Phase II Certificate of Necessity (CON)	1,536,590
Phase I Certificate of Necessity CON Staff Vehicles	156,450
Phase III Certificate of Necessity (CON)	1,690,249
<b>Total:</b>	<b>4,024,878</b>

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## General Fund CIP Needs: New Projects

### Construction Projects: \$226.2M

Project	GF Request
Shade and Tree Plan Development and Initial Implementation	3,867,419
McCormick-Stillman RR Park - Playground Replacement	500,000
Pinnacle Peak Trail Enhancements	503,120
Target Hardening of Scottsdale Facilities	1,680,000
WestWorld Polo Field Lighting for soccer fields	1,150,000
Underground APS Lines Along McDonald Drive	5,232,600
Scottsdale Stadium - First Base Event Plaza	1,500,000
Pima Park - Build Eight New Pickleball Courts	3,212,933
Fire Station 617	11,590,879
WestWorld Tent Refurbishment	3,500,000
Municipal Building Security Improvements	235,000
WestWorld Cover Arena 7	4,208,689
National Fire Protection Association Station	2,721,946
WestWorld Concrete Header for drainage ditch	907,180
Scottsdale Stadium - Gate 'A' Building	4,750,000
2nd Street Gateway/Entry to Civic Center & Scottsdale Arts	5,093,960
Civic Center Library - Build Additional Public Restrooms	660,934

Project	GF Request
Eldorado Park - Install Lights on Soccer Field 2	170,000
Scottsdale Stadium - Add amenities & access to accommodate a Day Park in Left Field Berm	1,900,000
WestWorld 40-yard recessed dumpster	375,560
Comanche Park - Replace Deteriorating Tennis Courts with Post-Tension Concrete	392,501
Shaded Parking Structure for McKellips Police Station	277,200
Scottsdale Stadium - Pedestrian and Transportation Improvements	2,500,000
Mustang Library - Family Restrooms	274,599
HR Remodel	116,000
WestWorld - Trailhead Redevelopment	2,865,370
WestWorld - Operations Compound Relocation	6,894,939
Mustang Library - Sound Wall Between Youth and Adult Areas	111,316
WestWorld Tent Replacement Building	45,835,262
One Civic Center Replacement	70,247,022
Technology / GIS Building Replacement	42,971,539
<b>Total:</b>	<b>226,245,968</b>

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## General Fund CIP Needs: Increases for Existing Projects

<u>Project</u>	<u>Approved 5Y Total Budget</u>	<u>GF Request</u>
McCormick-Stillman Roundhouse	8,707,791	3,593,943
DNA Evidence Storage Facility	1,208,610	200,000
Renovate Fire Station 606	2,750,021	1,991,265
Gateway Monument Replacement	817,946	550,000
PJ01 - Goldwater & 5th Avenue Park	1,276,014	2,090,602
Pima Road Sound Wall		6,000,000
<b>Total:</b>		<b>14,425,810</b>

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## General Fund CIP Needs: Projects from 2019 List

Remaining projects from Bond 2019 consideration  
Department Submissions

145 Projects  
\$730 Million

67 Projects  
\$436.6 Million

58 Projects  
\$319 Million

34

## General Fund CIP Needs: Projects from 2019 List

Bond projects that didn't make the list in 2019;

Stormwater projects have been moved to different funding source

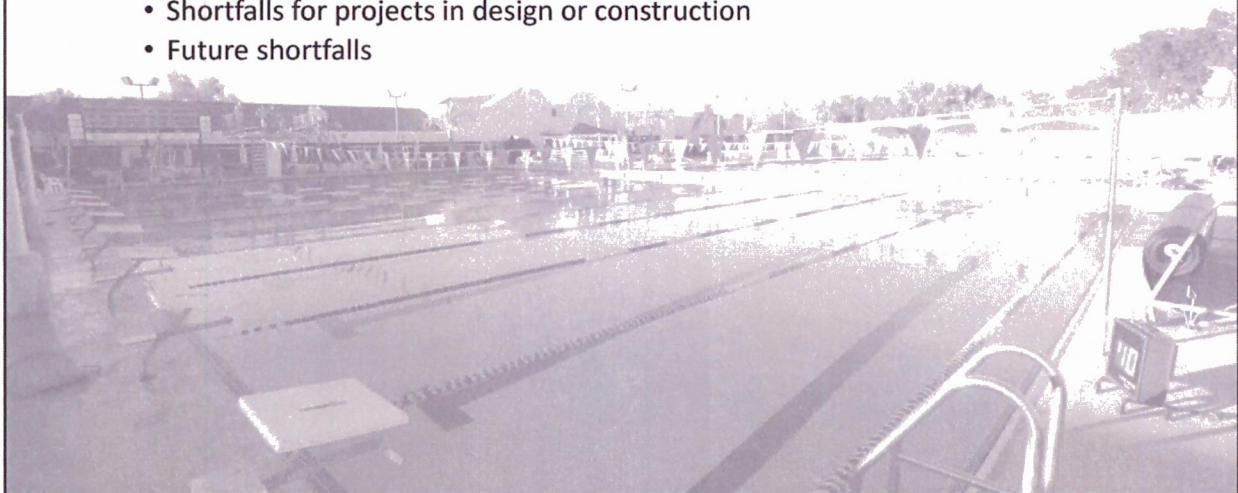
	<b>GF Request</b>
Parks & Recreation - Playground Replacements	1,749,750
DC Ranch Neighborhood Park	6,983,024
Scottsdale Road Rawhide Corridor Power Undergrounding & New Streetlight System	16,687,044
Scottsdale Road Resort Corridor Power Undergrounding & New Streetlight System	21,800,600
Scottsdale Road Airpark Corridor Underground Power & Utilities	20,762,469
Scottsdale Road Shea Corridor Power Undergrounding & Streetlight System	29,439,589
<b>Total:</b>	<b>97,422,476</b>

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## General Fund CIP Needs: Bond 2019 Shortfalls

Bond 2019 Projects

- Construction inflation
- Shortfalls for projects in design or construction
- Future shortfalls



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## Construction Inflation

PPI Commodity Data Years 2019 to 2022 Final Demand-Construction for Government (Bureau of Labor Statistics)

Year-over-year inflation rate:

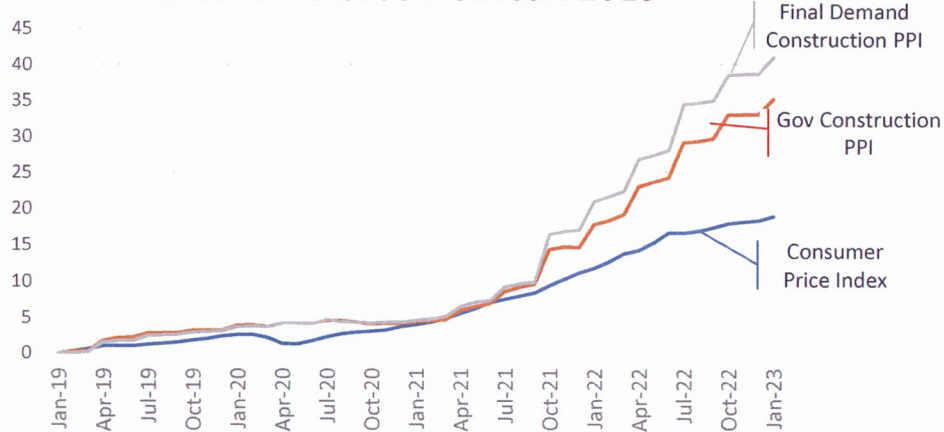
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	4.6%	4.8%	4.8%	5.2%	5.6%	5.6%	5.8%	5.8%	5.7%	4.0%	3.9%	4.0%
2020	3.9%	3.7%	3.4%	2.5%	2.0%	1.9%	1.8%	1.6%	1.5%	0.9%	1.0%	0.9%
2021	0.5%	0.5%	0.9%	1.7%	2.2%	2.7%	3.8%	4.5%	5.1%	9.9%	10.1%	10.1%
2022	12.9%	13.2%	13.8%	16.1%	16.1%	16.2%	18.9%	18.4%	18.3%	16.3%	16.0%	16.1%
2023	14.8%											

- From Jan 2019 (index = 124.4) to Jan 2023 (index = 168.2): **35.2% increase**
- Using more general Final Demand-Construction index, increase was 46% from Jan 2018, when most estimates were originally done

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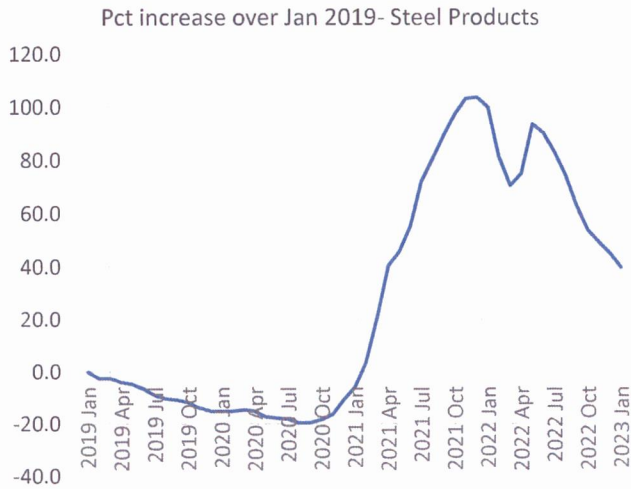
## Construction Inflation

Percent Increase from Jan 2019



38

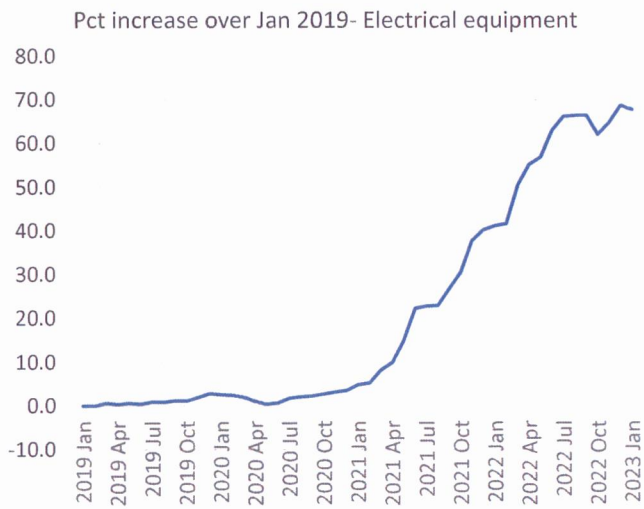
## Construction Inflation



- Prices rose as high as 104% of Jan 2019 value
- Stabilizing, but still at 40% above Jan 2019

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## Construction Inflation



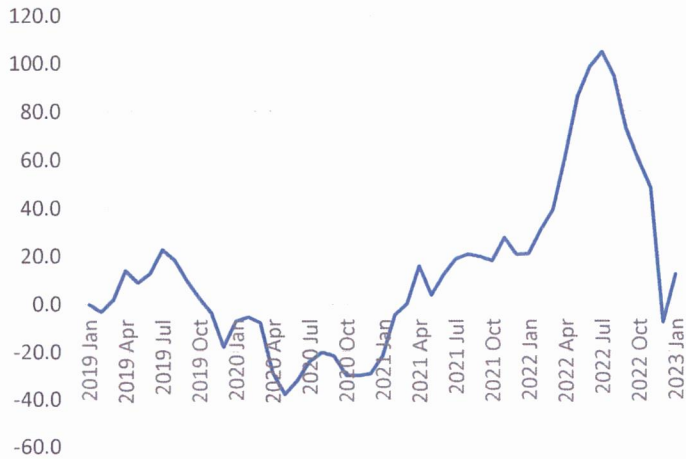
- 68% above Jan 2019

40



## Construction Inflation

Pct increase over Jan 2018- Asphalt



- Hopeful sign: Increases as high as 105% but coming back down
- Follows fuel pricing

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## Bond 2019: Projects Underway, No Additional Funds

### Project Project Title

1	Replace Aging Infrastructure and Improve Public and Event Spaces on Civic Center Plaza
5	Modernize Computer Equipment Rooms to Protect City Servers
7	Replace Outdated 9-1-1 Computer Aided Dispatch and Records Management to Improve Efficiency
8	Replace Website Management Software
9	Install Fiber Optic Infrastructure to Reduce Operating Costs
11	Replace Document Management System to Improve Public Access to Information
12	Update Scottsdale's 15-year-old Digital Terrain Model
14	Replace Obsolete Planning and Permitting Software
15	Build 200 Space Parking Lot off 75th Street to Serve the City Court and Scottsdale Stadium
17	Obtain a Citywide Data Management and Analytics Solution for Data-Based Decision Making
26	Replace Deteriorating Vehicle Training Track at the Police and Fire Training Facility
30	Indian School Park Field 1 Lighting
35	Install Bullet Proof Glass in Reception Areas of Police Department Facilities
37	Implement an Inventory and Asset Control System for City Technology
41	Install Solar Heating System for Eldorado Pool
53	Build Multi-Use Sport Fields in the area of Bell Road
57	Install Solar Systems North Corporation Campus
58	Install Parasol Solar Shade Structure at City Hall Parking Lot
59	Install Solar Systems at Civic Center Campus
60	Double the Solar Power Generating Capacity at Appaloosa Library
61	Purchase land, expand Pinnacle Peak Park parking lot, staff office and restrooms, renovate hiking trail and construct an interpretive trail
63	Build Parking Structures in Old Town Scottsdale

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## Bond 2019: Shortfalls for Projects in Design/Construction

*Projects in design or construction, increases based on design estimates*

No	Project	GF Request
2	Add Splash Pad and Improve Walkways at McCormick-Stillman Railroad Park	342,655FY22/23
29	Replace Workstations at 911 Communications Dispatch Center to Accommodate New Technology	326,632FY22/23
55	Build a 17-Acre Neighborhood Park at Ashler Hills Drive and 74th Way (Whisper Rock)	4,773,761FY22/23
42	Add a Dog Park to Thompson Peak Park	1,551,101FY24/25, request moves to FY23/24
27	Modernize and Expand the Police and Fire Training Facility	7,997,676FY22/23
40	Renovate and Expand the Civic Center Jail and Downtown Police Facility to Meet Demand	6,700,000FY22/23
28	Build a New Fire Station near Hayden Road and the Loop 101 to Improve Response Times	2,433,047FY22/23
23	Repair Lakes and Irrigation at Vista del Camino Park in the Indian Bend Wash	10,848,742 Multiple years
45	Renovate WestWorld Horse Barns to Increase Rentable Space	6,007,254FY22/23
18	Build Roadway & Pedestrian Improvements along 2nd St from Drinkwater Blvd to Goldwater Blvd	20,385,244FY22/23
	<b>Total:</b>	<b>61,366,112</b>

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## Bond 2019: Future Shortfalls

*Future projects, increase due to escalation factor or scope change*

No	Project	GF Request
21	Expand Via Linda Senior Center to Meet Demand for Senior Services	1,727,140 outside of 5 yr CIP
25	Replace Aging Buildings that Comprise Paiute Community Center	18,576,447 outside of 5 yr CIP
34	Build New Fire Station at 90th Street and Via Linda to Replace Aging Facility	4,959,434 FY25/26, const. not in 5 yr CIP
32	Renovate and Modernize the Stage 2 Theater at the Scottsdale Center for the Performing Arts	5,180,448 FY24/25
	<b>Total:</b>	<b>30,443,469</b>

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## Bond 2019: No Additional Fund Requests in FY 23/24

Future projects, possible increases using escalation factor: 10 projects, \$35.0M

Project	Bond Funds	Potential additional funds (1,000s)						
		23/24	24/25	25/26	26/27	27/28	28/29	29/30
13 Expand Granite Reef Senior Center to Meet Demand for Adult Day Care Center	2,972		1,017					
22 Build New Swimming Pools and Replace Building at Cactus Pool	31,230			16,196				
19 Build Roadway & Ped Improvements along Marshall Way...	1,801				1,168			
20 Build Roadway and Ped Improvements along Main St from...	994						594	
43 Improve 5th Avenue from Scottsdale Road to Goldwater Blvd	3,570							2,035
48 Widen 94th Street at WestWorld to Improve Access	1,469					947		
51 Install Permanent Lighting at WestWorld Parking Lots to Reduce Operating Costs	1,438					1,265		
62 Build a Bridge on Thompson Peak Pkwy over Reata Wash...	6,300		3,285					
33 Renovate the Via Linda Police Station to Increase Efficiency	16,600					7,895		
39 Renovate the Foothills Police Station...	1,024				589			

Design	
Construction	

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## General Fund CIP Needs: Request Summary

**Annual "Y" Projects** 9 projects, \$25.3M

### Department Submissions

- New projects: 44 projects, \$242.0M
- Budget increases for existing projects: 6 projects, \$14.4M
- Projects remaining from Bond 2019 consideration: 6 projects, \$97.4M

### Bond 2019 Projects

- Shortfalls on projects in FY 23/24: 10 projects, \$61.4M
- Requests for future shortfalls: 4 projects, \$30.4M

**Total of all requests: \$464.9M**

*Plus another potential \$35M for 10 out-year bond projects*

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## CIP Development: Available Funds (General Fund)

Projected General Fund cash flow and funds available:

	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Beginning Balance <sup>(1)</sup>	51,080,867	78,359,350	39,403,583	29,526,880	37,480,703	46,035,343
Construction Sales Tax <sup>(2)</sup>	6,669,859	6,327,872	6,441,750	6,557,750	6,603,650	6,649,850
GF Excess Interest <sup>(2)(3)</sup>	5,246,133	8,212,914	9,342,794	10,521,264	8,135,252	7,906,986
94th Street and Bell Road Land Proceeds (Dec 2022)	21,507,791	-	-	-	-	-
Transfers In - CIP - CON Ph I, Entertainment District, major system replacement, Stadium ph 2	22,489,397	-	-	-	-	-
Transfers In - CIP - Bond 2019 Projects (shortfalls)	16,759,553	-	-	-	-	-
Transfers In - CIP - Inflation	2,500,000	2,500,000	-	-	-	-
Transfers In - CIP - Museum Square & FS603 Land Sale	20,530,963	-	-	-	-	-
<b>Cash Available</b>	<b>146,784,563</b>	<b>95,400,135</b>	<b>55,188,127</b>	<b>46,605,893</b>	<b>52,219,605</b>	<b>60,592,179</b>
Existing General Fund Commitments	28,163,226	54,666,691	15,198,680	-	-	-
New General Fund Commitments	77,956,719	16,528,542	10,462,567	9,125,190	6,184,262	-
Connectivity Initiative	16,971,959	-	-	-	-	-
<b>Total General Fund Commitments</b>	<b>123,091,904</b>	<b>71,195,233</b>	<b>25,661,247</b>	<b>9,125,190</b>	<b>6,184,262</b>	<b>-</b>
Estimated General Fund Expenditures	68,425,214	55,996,553	25,661,247	9,125,190	6,184,262	-
Remaining Budget End of Year	54,666,691	15,198,680	-	-	-	-
<b>Cash Balance at End of Year</b>	<b>78,359,350</b>	<b>39,403,583</b>	<b>29,526,880</b>	<b>37,480,703</b>	<b>46,035,343</b>	<b>60,592,179</b>

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## CIP Development: Prioritization

1. **Mayor and City Council Strategic Goals and Priorities:** Does the project directly address the Mayor and City Council's Strategic Goals and Priorities?
2. **Mandated:** Is the project mandated by any local, state or federal laws?
3. **Emergency/Negative Impact of Not Investing:** Determine if the public or the city's financial position is negatively impacted or if there is a Health and Safety impact by failure to invest in a particular project.
4. **Annual Operating Costs:** What is the expected impact to ongoing operations and maintenances costs associated with this project?
5. **Matching Funds:** Does the project have matching funds from other agencies?
6. **Economic Vitality:** Does the project contribute to the improved economic vitality of the city and bring in improved revenue?
7. **Master Plan:** Is the project anticipated in the General Plan, Character Area Plans or Master Plan?
8. **Distributional Effects:** Does the project impact a large number of residents or specific target groups?

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## FY 2023/24 Prioritized Project List

- Projects currently above the cut line
- Available funds: \$60,592,179

Proj No	Project	CMRC	GF Request	GF Running total	category
	Replacement of Major Systems - FCA	2	6,000,000	6,000,000	annual
	Facilities Upgrade and Replacement Program	3	2,491,300	8,491,300	annual
	IT - Server Infrastructure	4	3,286,937	11,778,237	annual
	IT - Network Infrastructure	5	1,431,903	13,210,140	annual
	Police Portable and Vehicle Radio Replacement	6	1,635,500	14,845,640	annual
	Public Safety - Fire Radio Replacement	7	1,010,526	15,856,166	annual
	Crime Laboratory Equipment Replacement	8	1,515,000	17,371,166	annual
	Scottsdale Video Network Telecast/Production/Video Streaming and Kiva Presentation Equipment	9	354,000	17,725,166	annual
2	Add Splash Pad and Improve Walkways at McCormick-Stillman Railroad Park	10	342,655	18,067,821	bond
	McCormick-Stillman Roundhouse	11	3,593,943	21,661,764	existing add
	McCormick-Stillman RR Park - Playground Replacement	12	500,000	22,161,764	new
29	Replace Workstations at 911 Communications Dispatch Center to Accommodate New Technology	13	326,632	22,488,396	bond
	Information Technology Security Program	14	3,247,497	25,735,893	new
55	Build a 17-Acre Neighborhood Park at Ashler Hills Drive and 74th Way (Whisper Rock)	15	4,773,761	30,509,654	bond
	90-Day Backups	16	1,750,000	32,259,654	new
42	Add a Dog Park to Thompson Peak Park	17	1,551,101	33,810,755	bond
	Radio Communications Platform Transition	18	1,800,000	35,610,755	new
27	Modernize and Expand the Police and Fire Training Facility	19	7,997,676	43,608,431	bond
	Pima Road Sound Wall		6,000,000	49,608,431	existing add
40	Renovate and Expand the Civic Center Jail and Downtown Police Facility to Meet Demand	20	6,700,000	56,308,431	bond

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## FY 2023/24 Prioritized Project List

- Page 2: Projects that ranked high but did not make the cut

Proj No	Project	CMRC	GF Request	GF Running total	category
18	Build Roadway & Pedestrian Improvements along 2nd St from Drinkwater Blvd to Goldwater Blvd	21	20,385,244	76,693,675	bond
	Goldwater & 5th Avenue Park	22	2,090,602	78,784,277	existing add
	Replace HAZMAT Equipment	23	318,879	79,103,156	new
	TEMP2428-F - Jail Dormitory Phase II	24	-	79,103,156	no change
	J106 - Security Cameras and Access Control Systems	25	-	79,103,156	no change
	DNA Evidence Storage Facility	26	200,000	79,303,156	existing add
	Police Department Data Storage	27	435,000	79,738,156	new
28	Build a New Fire Station near Hayden Road and the Loop 101 to Improve Response Times	28	2,433,047	82,171,203	bond
	Technology / GIS Building Replacement	29	37,120,000	119,291,203	new
	Kiva Modernization	30	1,591,764	120,882,967	new
	Staff Vehicles at Fire Dept Locations and Training Facility	31	322,710	121,205,677	new
21	Expand Via Linda Senior Center to Meet Demand for Senior Services	32	1,727,140	122,932,817	bond
	Enterprise Resource Planning System - Phase 3 - HCM/Payroll	33	1,652,446	124,585,263	new
23	Repair Lakes and Irrigation at Vista del Camino Park in the Indian Bend Wash	34	10,848,742	135,434,005	bond
	Enterprise Resource Planning System - Phase 2 - Enterprise Budget / Enterprise Cashiering	35	681,633	136,115,638	new
	TEMP2691-F - Purchase Land for Fire Station 617	36	-	136,115,638	no change
	Enterprise Resource Planning System - Phase 4 - Regulatory Licensing / Alarm Management	37	681,633	136,797,271	new
	Parking Lot Pavement Project	38	7,545,660	144,342,931	annual
	Shade and Tree Plan Development and Initial Implementation	39	3,867,419	148,210,350	new
	Pinnacle Peak Trail Enhancements	40	503,120	148,713,470	new
	Renovate Fire Station 606	41	1,991,265	150,704,735	existing add

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## FY 2023/24 Prioritized Project List

• Page 3: Next tier- Projects that ranked in the middle

Proj No	Project	CMRC	GF Request	GF Running total	category
25	Replace Aging Buildings that Comprise Paiute Community Center	42	18,576,447	169,281,182	bond
	Target Hardening of Scottsdale Facilities	43	1,680,000	170,961,182	new
	WestWorld Polo Field Lighting for soccer fields	44	1,150,000	172,111,182	new
	Underground APS Lines Along McDonald Drive	45	5,232,600	177,343,782	new
	Parks & Recreation - Playground Replacements	46	1,749,750	179,093,532	from bond 2019 list
	Phase II Certificate of Necessity (CON)	47	1,536,590	180,630,122	new
	Phase I Certificate of Necessity CON Staff Vehicles	48	156,450	180,786,572	new
	Phase III Certificate of Necessity (CON)	49	1,690,249	182,476,821	new
	Scottsdale Stadium - First Base Event Plaza	50	1,500,000	183,976,821	new
	Pima Park - Build Eight New Pickleball Courts	51	3,212,933	187,189,754	new
45	Renovate WestWorld Horse Barns to Increase Rentable Space	52	6,007,254	193,197,008	bond
34	Build New Fire Station at 90th Street and Via Linda to Replace Aging Facility	53	4,959,434	198,156,442	bond
32	Renovate and Modernize Stage 2 Theater at Scottsdale Center for the Performing Arts	54	5,180,448	203,336,890	bond
	Fire Station 617	55	11,590,879	214,927,769	new
	WestWorld Tent Refurbishment	56	3,500,000	218,427,769	new
	Municipal Building Security Improvements	57	235,000	218,662,769	new
	WestWorld Cover Arena 7	58	4,208,689	222,871,458	new
	National Fire Protection Association Station	59	2,721,946	225,593,404	new
	WestWorld Concrete Header for drainage ditch	60	907,180	226,500,584	new
	Scottsdale Stadium - Gate 'A' Building	61	4,750,000	231,250,584	new
	Gateway Monument Replacement	62	550,000	231,800,584	existing add

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## FY 2023/24 Prioritized Project List

• Page 4: Last tier- Projects that ranked at the bottom

Proj No	Project	CMRC	GF Request	GF Running total	category
	2nd Street Gateway/Entry to Civic Center & Scottsdale Arts	63	5,093,960	236,894,544	new
	Civic Center Library - Build Additional Public Restrooms	64	660,934	237,555,478	new
	Eldorado Park - Install Lights on Soccer Field 2	65	170,000	237,725,478	new
	Scottsdale Stadium - Add amenities & access to accommodate a Day Park in Left Field Berm	66	1,900,000	239,625,478	new
	WestWorld 40-yard recessed dumpster	67	375,560	240,001,038	new
	Comanche Park - Replace Deteriorating Tennis Courts with Post-Tension Concrete	68	392,501	240,393,539	new
	Shaded Parking Structure for McKellips Police Station	69	277,200	240,670,739	new
	Scottsdale Stadium - Pedestrian and Transportation Improvements	70	2,500,000	243,170,739	new
	Mustang Library - Family Restrooms	71	274,599	243,445,338	new
	HR Remodel	72	116,000	243,561,338	new
	WestWorld - Trailhead Redevelopment	73	2,865,370	246,426,708	new
	WestWorld - Operations Compound Relocation	74	6,894,939	253,321,647	new
	Mustang Library - Sound Wall Between Youth and Adult Areas	75	111,316	253,432,963	new
	WestWorld Tent Replacement Building	76	45,835,262	299,268,225	new
	One Civic Center Replacement	77	81,000,000	380,268,225	new
	DC Ranch Neighborhood Park	78	6,983,024	387,251,249	from bond 2019 list
	Scottsdale Road Rawhide Corridor Power Undergrounding & New Streetlight System	79	16,687,044	403,938,293	from bond 2019 list
	Scottsdale Road Resort Corridor Power Undergrounding & New Streetlight System	80	21,800,600	425,738,893	from bond 2019 list
	Scottsdale Road Airpark Corridor Underground Power & Utilities	81	20,762,469	446,501,362	from bond 2019 list
	Scottsdale Road Shea Corridor Power Undergrounding & Streetlight System	82	29,439,589	475,940,951	from bond 2019 list

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## **Discussion and Direction**

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### **Land Sale Proceeds: Bell Road**

\$42.7M total proceeds:

- All proceeds must be spent on public purpose projects
- \$21.5M is restricted:
  - No private use or private payments
  - Must be spent by July 12, 2024 (within two-years of the land sale)
- Remaining \$21.2M is unrestricted
- \$19M from either the restricted funds or the unrestricted funds must be spent on a tourism-related project

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## Land Sale Proceeds: Bell Road

- Council allocated restricted funds on Dec 6, 2022
- Council approved modification of allocation on Feb 14, 2023:

<u>Project</u>	<u>Proceeds</u>
38- Build a New Fire Department Training Facility	12,407,791
Chaparral Pool Renovation (tourism-related)	1,100,000
27- Modernize and Expand Police and Fire Training Facility	8,000,000
TOTAL:	21,507,791

- Leaves \$21.2M of unrestricted funds to allocate
- Unrestricted allocation must include another \$17.9M of tourism-related expenses to reach \$19M target

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## Land Sale Proceeds: Bell Road

- Suggested allocation of unrestricted funds:

<u>Project</u>	<u>Proceeds</u>
1 - Replace aging Infrastructure and Improve Public and Event Spaces on Civic Center Plaza (tourism-related)	6,188,494
McCormick-Stillman Roundhouse (tourism-related)	7,407,791
45 - Renovate WestWorld Horse Barns to Increase Rentable Space (tourism-related)	2,000,000
53 - Build Multi-Use Sports Fields in the area of Bell Road	3,315,000
Stagebrush Theater Renovation, excludes \$885,100 from Downtown Cultural Trust Fund (tourism-related)	2,283,000
TOTAL:	21,194,285

- Allocates enough tourism-related expenses to reach \$19M target
- Makes \$19.1M currently budgeted in general fund available for other uses

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## Land Sale Proceeds: Museum Square and FS 603

- Total sales revenue of \$20,530,963
- FY 2022/23 CIP includes following allocations:

<u>Project</u>	<u>Proceeds</u>
Connectivity Initiative	16,972,000
Stagebrush Theater Renovation, excludes \$885,100 from Downtown Cultural Trust Fund	2,283,000

- \$1,275,963 currently unallocated
- Stagebrush funding would be freed up if Bell Road proceeds were allocated to this project

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## Discussion and Direction

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## Transportation Fund 0.2% Sales Tax

- Project requests totaling \$72M; available funding of \$40.9M
- Projects above the funding line:

<u>Project</u>	<u>Transportation</u>	<u>Running TR Request</u>
SJ02 - Goldwater Boulevard and Highland Avenue Intersection Improvement	(2,514,995)	(2,514,995)
TJ02 - Indian Bend Wash Path Extension: McDowell Mountain Ranch Road and Bell Road	-	(2,514,995)
TEMP2485-F - Alma School Road: Jomax Road to Quail Track Drive	(699,138)	(3,214,133)
YJ29 - Pavement Overlay Program	38,960,676	35,746,543
TEMP2694-F - Scottsdale Flashing Yellow Arrow Pilot	-	35,746,543
SG03 - Thomas Road: 56th Street to 73rd Street	411,000	36,157,543
TEMP2956 - 68th Street Sidewalk - Arizona Canal to Camelback Road	3,000,338	39,157,881

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## Transportation Fund 0.2% Sales Tax

- Project requests that fall below the funding line:

<u>Project</u>	<u>0.2% Request</u>	<u>Running Total</u>
TEMP2901 - Doubletree Ranch Road Bridge Repair - Gainey Ranch	4,838,868	43,996,749
YJ33 - ADA Transition Plan Implementation	300,000	44,296,749
YJ30 - Streetlight Replacement	320,000	44,616,749
YJ23 - Traffic Signal Construction	600,000	45,216,749
YJ19 - Roadway Capacity & Safety Improvements	900,000	46,116,749
TEMP2701-F - Buffered Bike Lanes Phase II	-	46,116,749
YJ20 - Sidewalk Improvements	200,000	46,316,749
YJ28 - Bikeways Program	400,000	46,716,749
TEMP2480-F - Material Yard at Pima and 88th Street Phase II	-	46,716,749
TEMP2954 - Scottsdale/Drinkwater Intersection Improvements	6,202,434	52,919,183
TEMP2964 - Indian Bend Wash Path Renovations - Phase II	3,374,750	56,293,933
YJ34 - Pavement Overlay - Alleys	5,000,000	61,293,933
TEMP2921 - Traffic Signal Pole Inspection and Replacement	4,000,000	65,293,933
TEMP2965 - Arizona Canal Path Renovation - Hayden Road to Pima Road	2,521,388	67,815,321
YJ32 - Transit Stop Improvements	300,000	68,115,321
YJ18 - Trail Improvement Program	200,000	68,315,321
YJ21 - Neighborhood Traffic Management Program	250,000	68,565,321
TEMP2963 - Oak Street Sidewalk - 60th Street to 64th Street	955,005	69,520,326
TEMP2957 - Jenan Drive - 98th Street to 102nd Street	829,940	70,350,266
TEMP2955 - Camelback Road Median	1,545,334	71,895,600
TEMP3013 - Street Lights Improvement 87th Terrace Multi-Use Path & Scottsdale Road	120,000	72,015,600

Potential for moving additional funds from operating, pending operating budget decisions and outcome of proposed legislation

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## Other Funds

### Water and Wastewater Enterprise:

- 47 projects, \$162M

### Airport Enterprise:

- 15 projects, \$1.2M in Aviation Funds
- Leverages \$15.0M in grant funding

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## Other Funds

### Solid Waste Fund:

- 4 projects, net reduction in 5-year budget
- Anticipate future revenue bonds to support \$24m transfer station expansion, HHW and green waste capabilities

### Fleet Fund:

- 2 projects,
  - \$18M vehicle replacement project
  - EV infrastructure project
- Equivalent \$18M reduction in Fleet operating budget; moving vehicle acquisition to CIP because of excessively long lead time for new orders

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## **Questions**